

## **BILL ANALYSIS**

Senate Research Center  
85R31318 BEF-F

C.S.H.B. 2004  
By: Anderson, Charles "Doc" (Perry)  
Agriculture, Water & Rural Affairs  
5/18/2017  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Interested parties have expressed concerns regarding the continued operation of the Texas economic development fund for the Texas Department of Agriculture (TDA). H.B. 2004 addresses this issue by making changes to the fund's composition and use.

H.B. 2004 amends the Agriculture Code to expand the authorized uses of money appropriated to the Texas economic development fund for TDA to include the administration, continuance, implementation, or maintenance of an economic development program originally established as part of TDA's implementation of the state Small Business Credit Initiative; one or more programs to further TDA's duties relating to the solicitation and acceptance of gifts, grants, and donations; one or more programs or services to encourage the export of Texas agricultural products or products manufactured in rural Texas; and an economic development program established through an agreement with a federal agency, foreign governmental entity, local governmental entity, nonprofit organization, private entity, public university, or state governmental entity to encourage rural economic development in Texas. H.B. 2004 includes among the gifts, loans, donations, aid, appropriations, guaranties, allocations, subsidies, grants, or contributions comprising the fund those received under statutory provisions relating to TDA's authority to solicit and accept gifts, grants, and donations. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 2004 amends current law relating to the Texas economic development fund for the Department of Agriculture.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 12.0272(a) and (b), Agriculture Code, as follows:

(a) Provides that the Texas economic development fund (fund) consists of gifts, loans, donations, aid, appropriations, guaranties, allocations, subsidies, grants, or contributions received under Sections 12.022 (Authority to Solicit and Accept Gifts, Grants, and Donations) and 12.027(g) (relating to the Texas Department of Agriculture taking certain actions to further an economic development program in Texas), rather than Section 12.027(g).

(b) Provides that money in the fund is dedicated to and is authorized to be appropriated only to the Texas Department of Agriculture (TDA) for the purposes of administering, continuing, implementing, or maintaining:

(1) an economic development program originally established as part of TDA's implementation of the State Small Business Credit Initiative; and

(2) one or more of TDA's economic development programs established to encourage the export of Texas agricultural products or products manufactured in

rural Texas, or established through an agreement with a federal agency, foreign governmental entity, local governmental entity, nonprofit organization, private entity, public university, or state governmental entity to encourage rural economic development in this state.

Deletes existing text authorizing money in the fund to be appropriated only to TDA for the purpose of administering, establishing, implementing, or maintaining an economic development program under this section and dedicated to and authorized to be used only for the administration, establishment, implementation, or maintenance of one or more of TDA's economic development programs.

SECTION 2. Amends Chapter 12, Agriculture Code, by adding Section 12.0273, as follows:

Sec. 12.0273. LIMITATIONS ON LOANS AND GRANTS FROM TEXAS ECONOMIC DEVELOPMENT FUND. (a) Authorizes TDA to use money in the fund only to make loans and grants in the manner provided by this section for the purposes provided by Section 12.0272(b).

(b) Requires the recipient of a grant using money from the fund to provide matching funds in an amount equal to 25 percent of the amount of the grant.

(c) Prohibits the term of a loan made using money from the fund from exceeding 20 years. Requires that a loan require monthly payments of principal and interest beginning not later than the 90th day after the date the loan is made.

(d) Requires TDA to administer the fund as a perpetual source of financing for loans and grants under this section. Requires TDA to use payments of principal and interest to make additional loans and grants.

(e) Prohibits the cumulative amount of loans and grants to any person using money from the fund from exceeding \$1 million.

(f) Requires TDA to retain in the fund in the state treasury an amount equal to at least 25 percent of the amount of money in the fund on January 1, 2017.

(g) Requires TDA, not later than December 1 of each even-numbered year, to submit a report on the status of the fund, including loans and grants made using money from the fund, to the governor, lieutenant governor, speaker of the house of representatives, and chairs of the house and senate committees with primary jurisdiction over TDA.

SECTION 3. Effective date: upon passage or September 1, 2017.